

**Internal Revenue Service  
P.O. Box 2508, Room 7008  
Cincinnati, OH 45201**

**Department of the Treasury  
Exempt Organizations  
Rulings and Agreements**

**Number: 200919060  
Release Date: 5/8/2009**

**Employer Identification Number:**

**Contact Person - ID Number:**

**Date: Feb 10 2009**

**Contact Telephone Number:**

**Legend**

**UIL #:**

X = The Foundation  
Y = Fellowships, prizes and awards

4945.04-04

Dear :

This letter supersedes our previous letter dated August 1, 2008.

We have considered your request for advance approval of your grant-making program under section 4945 (g)(3) of the Internal Revenue Code, dated December 7, 2007.

Our records indicate that X was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is, as of January 1, 2007, classified as a private foundation as defined in section 509(a).

X engages directly in active conduct of charitable, religious, educational and similar activities. X's Certificate of Incorporation states that X was formed to "educate the public in the appreciation of works of literature; to encourage and promote the production, dissemination and general public appreciation of new writing in verse or prose having literary merit; and to promote and encourage the literary arts in any and every lawful way and by any and every lawful means".

Furthermore, the purpose of X is to discover and celebrate the best poetry written and to place it before the largest possible audience. Therefore, the organization works to raise poetry to a higher, more visible and influential position in American culture. The organization seeks to be a leader in shaping a receptive climate for poetry by developing new audiences, creating new avenues for delivery and encouraging new kinds of poetry.

Through its grants, prizes and awards, X supports poetry in our culture. The foundation's programs include achievement recognition awards, poetry fellowship awards, writing competition awards, payments to distressed poets and grants to other non-profit organizations.

Your letter dated December 7, 2007, indicated that X will operate several grant and award programs called Y.

The purpose of Y is to provide aspiring writers of poetry in the United States to compete for "one time" awards to further their training in writing poetry.

X will advertise Y in a magazine, website and through direct mailings to relevant academic programs at higher education institutions. Application forms will be available on websites and included in all direct mailings.

In some cases fellowships and awards of varying amounts are given to individuals chosen from a pool of applicants aged twenty-one (21) through thirty-one (31), residing in the United States. A selection committee of at least three (3) expert judges, made up of the President and other senior executives of X and outside experts in poetry and writing, will review applications. The committee reviews ten pages of poems, double spaced, a publication list if attached, and one paragraph on how the fellowship will aid in the applicants work. Reviews take into account the merits, skills and potential of each candidate. In other cases no submissions or samples of work are required or solicited. The candidate with the greatest merit, skill and potential, as determined by the selection committee, is given an award or fellowship.

The number of fellowships and awards each year is dependant upon X's financial condition. X stated every effort is made to insure no applicant is related to members of the selection committee. No relatives of selection committee members or officers, directors or substantial contributors of X are eligible for Y.

X will arrange to receive and review grantee reports annually and also upon the completion of the purpose for which the grant was awarded. X will investigate any diversion of funds from their intended purposes. X will take all reasonable steps to recover diverted funds and ensure other grant funds held by a grantee are used for their intended purposes. If a diversion of funds is discovered, X will withhold further payments to the grantees until such grantees give assurances that future diversions will not occur and that the grantees will take extraordinary precautions to prevent future diversions from occurring.

X will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that it undertook supervision and investigation of all grants.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

We have also determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. **This determination only covers the grant programs described above.** Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements

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